



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

First Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Mar 31, 2011	Quarter ended Mar 31, 2010 (restated)
Revenue	121,846	120,057
Cost of sales	(81,699)	(82,373)
Gross profit	40,147	37,684
Other operating income	848	185
Administrative expenses	(12,958)	(12,658)
Other operating expenses	(665)	(691)
Finance costs	(6,759)	(8,046)
Other non-operating expenses	(148)	(278)
Share of results of associates and jointly controlled entities	3,908	(2,802)
Profit before income tax	24,373	13,394
Income tax expense	(2,931)	(2,801)
Profit after income tax	21,442	10,593
Attributable to:		
Shareholders of the Company	16,763	7,100
Non-controlling interests	4,679	3,493
	21,442	10,593

1(a)(ii) Notes to the income statement:

	GROUP \$'000	
	Quarter ended Mar 31, 2011	Quarter ended Mar 31, 2010
Other income including interest income	513	185
Depreciation and amortisation	(12,075)	(12,587)
Foreign exchange loss	(232)^	(271)^
Adjustment for underprovision of tax in respect of prior years	-	(69)
Gain on disposal of property, plant and equipment	200	-

Note:

^ Included in other non-operating expenses

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Mar 31, 2011	Quarter ended Mar 31, 2010 (restated)
Profit after income tax	21,442	10,593
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(8,213)	6,026
Increase in hedge reserve	304	79
Increase in other capital reserve	189	-
Share of other comprehensive income of associates and jointly controlled entities	1,353	2,133
	(6,367)	8,238
Total comprehensive income	15,075	18,831
Attributable to:		
Shareholders of the Company	10,733	15,363
Non-controlling interests	4,342	3,468
	15,075	18,831

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Mar 31, 2011	Dec 31, 2010	Mar 31, 2011	Dec 31, 2010
ASSETS				
Current assets:				
Cash and cash equivalents	73,084	84,032	8,935	10,057
Trade and other receivables	39,608	85,414	3,779	2,744
Amount due from associates and jointly controlled entities	33,992	45,053	9,051	9,051
Amount due from subsidiaries	-	-	530,302	555,656
Inventories	7,420	7,951	600	586
Development properties	282,076	290,883	-	-
Completed properties held for sale	50,389	54,138	-	-
Held-for-trading investments	8,251	1,940	-	-
Total current assets	494,820	569,411	552,667	578,094
Non-current assets:				
Associates and jointly controlled entities	493,940	479,423	2,361	2,361
Subsidiaries	-	-	675,415	726,113
Available-for-sale investments	20,903	20,790	-	-
Other long-term receivables and prepayments	597	630	-	-
Property, plant and equipment	979,901	990,864	228,970	229,841
Investment properties	633,560	633,560	-	-
Deferred tax assets	685	657	-	-
Intangible assets	11,926	12,139	-	-
Total non-current assets	2,141,512	2,138,063	906,746	958,315
Total assets	2,636,332	2,707,474	1,459,413	1,536,409
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	301,266	450,831	125,843	150,951
Trade and other payables	72,526	95,040	17,035	25,684
Amount due to subsidiaries	-	-	46,136	44,483
Derivative financial instruments	905	1,207	-	-
Income tax payable	10,540	9,847	517	34
Total current liabilities	385,237	556,925	189,531	221,152
Non-current liabilities:				
Advances from subsidiaries	-	-	128,140	137,004
Long-term bank loans	780,970	693,888	306,964	342,212
Other long-term liabilities	6,049	7,185	-	-
Deferred tax liabilities	24,331	24,690	1,216	1,308
Total non-current liabilities	811,350	725,763	436,320	480,524
Share capital and reserves:				
Share capital	683,926	683,926	683,926	683,926
Reserves	670,347	659,174	149,636	150,807
Equity attributable to shareholders of the Company	1,354,273	1,343,100	833,562	834,733
Non-controlling interests	85,472	81,686	-	-
Total equity	1,439,745	1,424,786	833,562	834,733
Total liabilities and equity	2,636,332	2,707,474	1,459,413	1,536,409

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at Mar 31, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$178,826,000	\$125,843,000	\$303,352,000	\$150,951,000

Amount repayable after one year

As at Mar 31, 2011		As at Dec 31, 2010	
Secured	Unsecured	Secured	Unsecured
\$478,958,000	\$307,161,000	\$382,811,000	\$317,198,000

Details of any collateral

The above are secured by legal mortgages on properties of the Company and some subsidiaries, fixed and floating charges on assets of the Company and some subsidiaries and pledge of shares of certain subsidiaries.

1(c) Consolidated Statement of Cash Flows

	Quarter ended Mar 31, 2011 \$'000	Quarter ended Mar 31, 2010 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	20,465	16,196
Adjustments for:		
Amortisation of intangible assets	82	83
Depreciation expense	11,993	12,504
Share-based payment expense	440	238
Gain on disposal of property, plant and equipment	(200)	-
Finance costs	6,759	8,046
Interest income	(384)	(38)
Profit before working capital changes	39,155	37,029
Trade and other payables	(22,418)	(18,626)
Completed properties held for sale	2,288	5,838
Development properties and expenditure	11,038	(918)
Receivables and prepayments	(6,705)	96,288
Held-for-trading investments	(6,311)	280
Inventories	404	427
Cash generated from operations	17,451	120,318
Income tax paid	(2,434)	(3,375)
Net cash from operating activities	15,017	116,943
Cash flows from (used in) investing activities:		
Additional property, plant and equipment	(9,808)	(3,272)
Net investment in associates and jointly controlled entities	(95)	(4,329)
Balance proceeds from disposal of a jointly controlled entity	52,066	-
Proceeds from disposal of property, plant and equipment	493	139
Cash from (used in) investing activities	42,656	(7,462)
Cash flows used in financing activities:		
Interest received	384	38
Finance costs paid	(8,461)	(9,677)
Repayment to minority shareholders	-	1,053
Additional borrowings	110,022	81,737
Repayment of borrowings	(169,981)	(151,191)
Proceeds from issue of shares	-	63
Cash used in financing activities	(68,036)	(77,977)
Net (decrease) increase in cash and cash equivalents	(10,363)	31,504
Cash and cash equivalents at beginning of period	83,337	46,212
Effect of exchange rate changes on cash balances held in foreign currencies	(574)	745
Cash and cash equivalents at end of period	72,400	78,461

Cash and cash equivalents at end of period

The cash and cash equivalents as at Mar 31, 2011, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$684,000.

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP						
Balance as at Jan 1, 2010	681,561	398,998	140,292	1,220,851	81,170	1,302,021
Share-based payments during the period	-	-	238	238	-	238
Total comprehensive income for the period	-	7,100	8,263	15,363	3,468	18,831
Net movement during the period	-	-	-	-	967	967
Transfer during the period	16	-	(16)	-	-	-
Issue of shares	63	-	-	63	-	63
Balance as at Mar 31, 2010	681,640	406,098	148,777	1,236,515	85,605	1,322,120
Balance as at Jan 1, 2011	683,926	529,234	129,940	1,343,100	81,686	1,424,786
Share-based payments during the period	-	-	440	440	-	440
Total comprehensive income (loss) for the period	-	16,763	(6,030)	10,733	4,342	15,075
Net movement during the period	-	-	-	-	(556)	(556)
Balance as at Mar 31, 2011	683,926	545,997	124,350	1,354,273	85,472	1,439,745

* Includes asset revaluation reserve, exchange fluctuation reserve, hedge reserve, option reserve and other capital reserve.

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Total \$'000
COMPANY				
Balance as at Jan 1, 2010	681,561	31,039	113,994	826,594
Share-based payments during the period	-	-	238	238
Total comprehensive income (loss) for the period	-	(937)	-	(937)
Transfer during the period	16	-	(16)	-
Issue of shares	63	-	-	63
Balance as at Mar 31, 2010	681,640	30,102	114,216	825,958
Balance as at Jan 1, 2011	683,926	35,252	115,555	834,733
Share-based payments during the period	-	-	440	440
Total comprehensive income (loss) for the period	-	(1,611)	-	(1,611)
Balance as at Mar 31, 2011	683,926	33,641	115,995	833,562

** Includes asset revaluation reserve and option reserve.

1(d)(ii) Details of Any Changes in Company's Issued Share Capital

The Company did not issue any new share since the end of the previous financial year reported on to the date of this announcement.

As at Mar 31, 2011, the number of outstanding share options under the Company's Share Option Scheme 2000 was 7,805,000 (as at Mar 31, 2010: 7,805,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 473,000 (as at Mar 31, 2010: 709,500).

1(d)(iii) Total Number of Issued Shares

	Mar 31, 2011	Dec 31, 2010
Total number of issued shares excluding treasury shares	505,721,351	505,721,351

1(d)(iv) Statement Showing All Sales, Transfers, Disposal, Cancellation and/or Use of Treasury Shares

Not applicable. There is no treasury share as at the end of the current financial period reported on.

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

Not applicable.

4. Changes in Accounting Policies

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements except as explained in paragraph 5 below.

5. Reasons for and Effect of Changes in Accounting Policies

The Group has adopted all new/revised Singapore Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after January 1, 2011 as detailed below.

FRS 24 (Revised) Related Party Disclosures

FRS 24 (Revised) clarifies the definition of a related party to the reporting entity.

INT FRS 115 Agreements for Construction of Real Estate

INT FRS 115 was issued with an accompanying note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not classify as construction contracts in accordance with FRS 11 *Construction Contracts* can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Upon adoption of INT FRS 115, the Group continues to use the POC method to account for its Singapore projects. The Group's overseas projects, however, are accounted for using the completion of construction ("COC") method after taking into consideration the legal framework and industry practices in those countries in which the Group operates. This change in accounting policy has been applied retrospectively. Accordingly, the comparatives have been restated.

5. Reasons for and Effect of Changes in Accounting Policies (cont'd)

The effects on the comparatives arising from the adoption of INT FRS 115 are as follows:

	GROUP \$'000	
	Previously reported Mar 31, 2010 \$'000	After restatement Mar 31, 2010 \$'000
Share of results of associates and jointly controlled entities	(137)	(2,802)
Profit before income tax	16,059	13,394
Profit after income tax	13,258	10,593
Net profit attributable to shareholders	9,765	7,100
Total comprehensive income attributable to shareholders	18,028	15,363
Retained profits as at March 31, 2010	408,763	406,098
Shareholders' equity	1,239,180	1,236,515
Total equity	1,324,785	1,322,120

	Cents	Cents
Basic earnings per share	1.93	1.41
Diluted earnings per share	1.93	1.40

6. Earnings Per Share

	Quarter ended Mar 31, 2011	Quarter ended Mar 31, 2010 (restated)
Based on the weighted average number of ordinary shares in issue	3.31 cents	1.41 cents
On a fully diluted basis	3.31 cents	1.40 cents

7. Net Asset Value

	Mar 31, 2011	Dec 31, 2010
GROUP	\$2.68	\$2.66
COMPANY	\$1.65	\$1.65

8. Review of Performance

The Group recorded a revenue of \$122 million for the first quarter ended March 31, 2011, a slight increase over Group revenue of \$120 million for the same quarter last year. The increase is mainly attributable to higher revenue generated by the Group's hotels and resorts, particularly those in Singapore and Maldives, achieving higher room rates and occupancy.

Finance costs decreased by 16% from \$8 million for Q1 2010 to \$6.8 million for the quarter under review due to lower borrowings as a result of loans repayment from the cashflow generated from operations as well as balance proceeds from disposal of a jointly controlled entity last year.

The Group's share of results of associates and jointly controlled entities has turned around from a loss of \$2.8 million for Q1 2010 to a profit of \$3.9 million for the quarter under review mainly due to profit recognition from The Interlace condominium development at Alexandra Road, Singapore. The Group's share of results of associates and jointly controlled entities for Q1 2010 has been restated following the Group's adoption of INT FRS 115 (please refer to item 5 for more details) to exclude share of profits from overseas development projects based on percentage of completion. Without the restatement, the Group's share of results of associates and jointly controlled entities for Q1 2010 would have been a smaller loss of \$137,000.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2011 improved by 136% to \$16.8 million from \$7.1 million for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

The outlook of the hospitality industry in Singapore and the region remains positive. Barring unforeseen circumstances, the Group's hotel and resort division is expected to continue its strong contribution to the Group's operating results.

The series of anti-speculation measures introduced by the Singapore Government on the residential properties market has taken effect, reducing the transaction volume. Nevertheless, in view of the anticipated continuing economic growth, a steady demand can be expected for quality developments in good location. The Group will continue to recognise profits from The Interlace condominium development and also commence profit recognition from d'Leedon and Tomlinson Heights later this year.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared/recommended by the Company for the current financial period reported on.

13. **Interested Person Transactions ("IPT")**

Name of Interested Person	Aggregate value of all IPT during the first quarter ended Mar 31, 2011 (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 921 (excluding transactions below \$100,000) \$'000
Associates* of Mr Ong Beng Seng / Mr David Fu Kuo Chen		
- Rental income	3,316	-
- Management fee expense	125	-

Note:

* "Associate" in relation to a director, chief executive officer or controlling shareholder means

- his immediately family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

14. **Negative Assurance Confirmation pursuant to Rule 705(4) of the Listing Manual**

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the first quarter 2011 unaudited financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
May 13, 2011